



# Unmasking the Agenda of the National Restaurant Association



Restaurant Opportunities Centers United



REAL FOOD MEDIA PROJECT

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# who is The Other NRA?

Americans generally associate the acronym 'NRA' with a gun lobby that has received much notoriety over the last several years. However, another national trade lobby with the same acronym — the National Restaurant Association (NRA) — wields a similar amount of influence on Capitol Hill and has largely escaped public attention.

This report is part of an ongoing effort to unmask the impact of *The Other NRAs'* lobbying and political efforts on workers, consumers, small- to medium-size business owners, and taxpayers. It is the most comprehensive examination to date of the NRA and its top members. For the first time, it compiles information on the NRA's public policy priorities, the extent of its federal lobbying activities, the scope of its political contributions, and its largest corporate members' use of taxpayer funded subsidies.

The National Restaurant Association is the trade lobby for the \$600 billion restaurant industry. It is one of the most powerful lobbies in Congress and in state legislatures nationwide.<sup>1</sup> With 53 state restaurant affiliates, the NRA claims that it is “supporting nearly 500,000 restaurant businesses” that represent the industry's many small and medium-sized business owners.<sup>2</sup> In actuality, the NRA is a highly powerful trade lobby with deep ties to some of the largest food and beverage corporations in the world. With annual revenues of over \$91 million, the NRA employs 750 staff-people, including nearly 40 Congressional lobbyists.<sup>3,4</sup> Its members include nine Fortune 500 corporations, seven Fortune 100 corporations, and one Global 500 corporation (see figure 1). The NRA's most recognizable members include brand-name industry giants like McDonald's, YUM! Brands (the owner of Taco Bell and KFC), Disney, and Darden Restaurants (the owner of Red Lobster, Olive Garden, and Capital Grille and also the largest full-service restaurant corporation in the world).<sup>5</sup>

Together, the NRA and its largest members wield considerable influence over public policy and politics. Over the last 25 years the NRA and its top corporate members have given over \$63 million dollars in disclosed federal contributions, spending over \$13 million in the 2012 election cycle alone.<sup>9,10</sup> The NRA has also recruited dozens of former federal employees, including many Congressional representatives' former chiefs of staff and legislative directors to serve as “revolving-door lobbyists” who move directly from government service to employment as private lobbyists.<sup>11,12</sup> Clearly these efforts have had an impact. Currently NRA members receive over \$400 million in state and local subsidies, and have been awarded over \$1 billion in federal contracts.<sup>13</sup>

As a representative of the nation's restaurant industry, the NRA could choose to pursue a policy agenda of improving restaurant industry standards that reflect the vested interest of small and medium-sized business owners in ensuring the health and well-being of their communities. Unfortunately, at the moment the NRA has chosen to pursue a different agenda — one that has eroded public health, employment, and other legal protections for both restaurant workers and consumers. Nutritional menu labeling; regulation of sodium, trans fats, and sugars; minimum wage increases; and paid sick days are just a few of the policy proposals that the NRA has fiercely opposed.<sup>14,15</sup> While collectively the industry's CEO's receive hundreds of millions of dollars in tax-subsidized stock options, the millions of workers who cook, clean, serve, and prepare food in our nation's restaurants are forced to rely on public assistance to help make ends meet at a cost of billions of dollars per year to the U.S. taxpayer.<sup>16</sup>

**FIGURE 1**  
NRA Members rank in  
Fortune 1000<sup>6,7</sup> and Global 500<sup>8</sup>

57	Coca-Cola
66	Walt Disney World Company
111	McDonald's Corporation
201	Yum! Brands, Inc.
205	ARAMARK Corporation
208	Starbucks Coffee Company
230	Marriott International
328	Darden Restaurants, Inc.
590	Bloomin' Brands
744	Brinker International
763	Chipotle
809	Wendy's International
907	Panera Bread
952	Burger King Corporation
Global 500 - 487	Sodexo

## Harming Public Health

In its 2013 Report, *On the Menu: Restaurant Nutrition Initiatives*, the National Restaurant Association states with pride that it is “taking a long-range, proactive approach to how the industry meets evolving consumer attitudes toward nutrition.”<sup>17</sup> Working to promote public health and nutrition is a laudable goal. However, the NRA has compromised the health and nutrition of millions of U.S. consumers — including children — by opposing public health policy measures like nutritional menu labeling requirements, limitations on the marketing of junk food to children, and regulation of sodium, sugar, and trans-fats in processed foods. With forty-seven cents of every food dollar being spent in America's restaurants,<sup>18</sup> this section shows that it is impossible to fully

understand the legal landscape of our food system without acknowledging the impact of the National Restaurant Association on what is being served on our nation's plates.

## Fighting Restrictions on Marketing Junk Food to Children

Children are some of our economy's most vulnerable and impressionable consumers. The NRA has used its political influence to successfully oppose both federal and state public policy measures to limit junk food marketing to children.

On the federal level, the NRA convinced Congress to delay issuing voluntary federal guidelines on junk food marketing to children.<sup>19,20</sup> As a result, 97% of meals currently marketed to children by the food industry do not meet the basic nutritional requirements established by Center for Science in the Public Interest.<sup>21</sup> In fact, as a result of the NRA's lobbying activities, 91% of all restaurant meals currently served to children do not even meet the NRA's own voluntary nutritional guidelines that it established in its "Kids Live Well Program."<sup>22,23,24</sup>

The NRA has fought restrictions on marketing junk food to children on the state and local level as well. For example, the NRA opposed local and state proposals to restrict companies from offering toys in children's meals that do not meet basic nutritional requirements,<sup>25</sup> and then went a step further to support preemption bills that would forbid state and local governments from even considering such requirements.<sup>26</sup> The NRA has argued that its preemption bills preserve parent choice,<sup>27</sup> yet, the impact of these bills has been to undermine democratic choice and decision-making by forbidding state and local voters from regulating these issues.

## Opposing Menu Labeling Requirements

The NRA has also played an active role in opposing and weakening legislative efforts to establish labeling requirements on restaurant menus so that consumers can make informed dietary choices. When New York State attempted to establish menu labeling requirements, the NRA sued the state government.<sup>28</sup> The NRA later opposed other states' efforts to enact similar requirements, citing the need for consumer choice. Yet when the NRA's own litigation and lobbying efforts failed to block local and state legislation, the NRA changed its tactics and convinced Congress to pass federal menu labeling guidelines. These guidelines effectively preempted all existing state and local labeling requirements, narrowing local choice and imposing a one-size-fits-all approach that forced state and local governments to adopt the weaker federal guidelines.<sup>29,30</sup>

## Challenging Restrictions on Sugar, Sodium, and Trans Fats

Public policy attempts to restrict sugar, sodium, and trans-fats in processed foods have also faced staunch opposition from the NRA. When New York City passed a law to limit soft drink sizes the NRA sued the City and overturned the law.<sup>31,32</sup> The NRA has also undermined efforts to combat obesity in thirteen states and counting by opposing the establishment of soda taxes.<sup>33</sup>

The NRA has been similarly aggressive in opposing trans fats regulation. For example, the NRA called New York City's legislative ban on trans fats in processed foods "misguided social engineering." The NRA took this position despite the fact that the American Heart Association recommends that trans fat intake, which increases the risk of Type 2 diabetes and stroke, be limited to naturally occurring sources, leaving "virtually no room at all for industrially manufactured trans fats."<sup>34,35</sup>

Sodium is another key ingredient in processed foods with negative public health consequences. Once again, the NRA has actively opposed regulation in this area. For example, the NRA blocked federal action that would have placed mandatory restrictions on sodium levels in processed food, instead calling for additional research and consumer education.<sup>36,37</sup> The NRA took this action despite the fact that the National Institute of Medicine, which is affiliated with the National Academy of Sciences, has cited that eighty percent of consumers' sodium intake currently comes from processed foods and that therefore regulation of the food industry is critical for reaching "upper tolerable" levels of sodium intake.<sup>38,39</sup>

## SEXUAL HARASSMENT

“The most sinister [aspect of] not getting a decent salary and being dependent on tips is that you are dependent on currying favor from the customer. That is especially true for women. I think that’s part of the reason women dominate this profession ... If you are living off tips, it means that you are dependent on the kindness or generosity of strangers. It means you are constantly dependent.”

—Gloria Steinem<sup>56</sup>

Nationwide, women dominate tipped professions. They are 66% of all tipped workers; in the restaurant industry, 71% of restaurant servers are women.<sup>57</sup> The National Restaurant Association successfully lobbied Congress to institute a tipped minimum wage in 1966, and then in 1996 convinced Congress to freeze the tipped minimum wage at \$2.13. Tipped workers have not seen a raise since 1991. As a result of being denied even a minimum wage, millions of working women “living off tips” in restaurants across America are at greater risk of sexual harassment because they rely on customers for a substantial share of their income.

Consistent with this elevated risk of sexual harassment, the Equal Employment Opportunity Commission has targeted the restaurant industry as the “single largest” source of sexual harassment claims.<sup>58</sup> In fact, 37 percent of all EEOC charges by women regarding sexual harassment came from the restaurant industry, despite the fact that the industry employs less than 7 percent of women.<sup>59</sup>

More than one in ten of the over 4,300 restaurant workers ROC-United surveyed nationwide reported that they or a co-worker had experienced sexual harassment at work.<sup>60</sup> Focus groups and interviews ROC-United conducted with female restaurant workers nationwide indicate that sexual harassment is an “accepted ... part of the culture.” One worker said, “It’s inevitable. If it’s not verbal assault, someone wants to rub up against you.”<sup>61</sup>

Unfortunately, the National Restaurant Association, just like the industry it represents, is no stranger to allegations of sexual harassment.<sup>62</sup> In 2012, Herman Cain, a prominent presidential candidate faced allegations that he had sexually harassed at least two female employees in the 1990’s during his tenure as the head of the National Restaurant Association. Most recently, in an April 2014 MSNBC article, it was reported that the NRA’s Executive Vice President of Policy and Government Affairs “laughed off” the argument that female tipped employees are at greater risk of being sexually harassed because they often rely on customers for a substantial share of their income.<sup>63</sup> After the article was published, the NRA sent the following clarifying statement to MSNBC: “The National Restaurant Association takes real charges of sexual harassment very seriously.”<sup>64</sup> Clearly, for the millions of women “living off tips” who are working in our nation’s restaurants, sexual harassment is no laughing matter.

### Limiting Legal Liability for the Public Health Consequences of Its Actions

One of the best known examples of a private industry that aggressively attempted to limit regulation of its negative impact on public health is the tobacco industry. Big Tobacco faced a string of public and private lawsuits based on its behavior that resulted in the largest financial settlement agreement in U.S. history.<sup>40</sup> To prevent a similar fate, the NRA together with the American Legislative Exchange Council (ALEC) has played a leading role in the passage of so-called “cheeseburger bills” in 26 states — legislation aimed at barring plaintiffs from bringing obesity-related litigation against food corporations based on negligence and other theories.<sup>41</sup> Based on these efforts it would seem that the NRA and its members have carefully observed the experience of the tobacco industry and are determined to avoid Big Tobacco’s fate of being held financially accountable for the public health consequences of their actions.<sup>42</sup>

### Low Wages, No Benefits

In 2014, the National Restaurant Association predicts record sales of \$83.4 billion due to “a stronger economy and historically high levels of pent-up demand.”<sup>43</sup> Nearly half of the public’s food dollar is spent outside the home and the restaurant industry predicts continued growth in sales and employment over the next decade.<sup>44</sup>

Despite the restaurant industry’s record-setting profits, the over ten million individuals employed by the industry are among our nation’s lowest paid workers — in fact, seven of the ten lowest paid occupations in the country are restaurant jobs.<sup>45,46</sup> The NRA’s lobbying and litigation efforts have maintained the vulnerability of this workforce by combating increases to the minimum wage, opposing pay equity proposals, and by fighting against extending basic health care coverage through public policy measures like the Affordable Care Act (ACA) and paid sick leave legislation.

### Opposing Increases to the Minimum Wage and Pay Equity

The NRA has been one of the fiercest and most effective opponents against initiatives to raise the minimum wage around the country.<sup>47</sup> The NRA devoted particular attention to excluding tipped workers — more than two-thirds of whom are women<sup>48</sup> — from the minimum wage laws.

The exclusion of tipped workers from minimum wage protections is no accident. Prior to 1966, tipped workers received the same minimum wage as other workers.<sup>49</sup> It was not until 1966 that employers were allowed to pay tipped workers a subminimum wage.<sup>50</sup> 1991 was the last year that the subminimum wage for tipped workers saw an increase to \$2.13 per hour. This is because, twenty-three years ago, in 1996, the National Restaurant Association, under the leadership of Herman Cain, negotiated with Congress to support an increase to the full minimum wage as long as the tipped minimum wage was frozen at \$2.13.<sup>51</sup> The tipped minimum wage has remained frozen at \$2.13 ever since. As a result, the United States is the only industrialized nation in the world where tipped workers must depend on tips for a majority of their income.<sup>52</sup>

Since an overwhelming majority of tipped workers are women,<sup>53</sup> the subminimum wages they disproportionately receive also raise serious pay equity concerns. Perhaps as a result of this, the NRA has lobbied against the Paycheck Fairness Act, arguing that it will prevent employers from setting employee pay rates and will lead to job loss.<sup>54</sup> The Paycheck Fairness Act seeks to eliminate the gender pay gap that results in women being paid 77 cents on the dollar.<sup>55</sup>

## Restricting Expansion of Health Care Coverage

The NRA has been a major opponent of expanding health care coverage for working families through the Affordable Care Act (ACA). The NRA first lobbied extensively against the law's passage and later filed an amicus curiae brief with the Supreme Court in an unsuccessful legal challenge against the constitutionality of the law.<sup>65</sup>

Shortly after the Supreme Court's 2012 decision to uphold the ACA, several leading NRA corporate members including Darden, Applebee's, and Papa John's publicly announced they were cutting back their employee hours to avoid ACA health coverage requirements for full-time workers.<sup>66</sup> The public backlash to this announcement was swift and decisive. All the corporations lowered their profit projections and had to temper or withdraw their efforts to refuse health benefits to their workers.<sup>67,68</sup>

Despite this public relations controversy, NRA opposition to the ACA has continued. Now, as millions of Americans begin to secure health care coverage through ACA, the NRA is, in its own words, "waging an aggressive campaign" for changes to the law that would limit the ability of many workers to secure coverage through their employers.<sup>69</sup> In an effort to organize opposition to the law, the NRA set up what it called an on-line "Knowledge Center." The center provides NRA members with tools to urge Congress to change the ACA's definition of full-time employment from 30 hours to 40 hours a week, to weaken the definition of full-time employee equivalents for large employers, and to eliminate an auto-enroll mandate that requires companies with 200 or more full-time employees to automatically enroll an employee in a company health plan if the employee has not opted out within 90 days.<sup>70</sup>

The NRA has continued to exercise influence as a result of its organizing, lobbying, and advocacy efforts around the ACA. Most recently, the House of Representatives voted to change the ACA's definition of full-time work from 30 hours to 40 hours a week consistent with the NRA's legislative platform. In making these changes the Representatives cited one of the NRA's key talking points — that workers would lose their jobs as a result of companies seeking to avoid the ACA's requirements.<sup>71</sup> The White House threatened to veto the bill, citing a recent report by the nonpartisan Congressional Budget Office that said about that one million people would lose employer-based coverage if the full-time requirements were changed.<sup>72</sup>

## Combating Paid Sick Day Legislation

Along with lobbying against the ACA, the NRA has devoted considerable energy to stopping paid sick day legislation, which it has called a "hot button issue for the restaurant industry."<sup>73</sup> Currently, 88 percent of all restaurant workers do not have paid sick days.<sup>74</sup> The NRA has taken a leading role in fighting efforts across the country to institute a protected number of days that employees may call in sick without loss of pay to care for their own or a family members' illness.<sup>75</sup>

Even in cities where paid sick days legislation has passed, the NRA has continued to aggressively pursue two strategies to exclude restaurant workers from this legislation. One strategy is to specifically exempt restaurant workers — and in particular tipped workers — from paid sick days protections, as was done in Washington, D.C.<sup>76</sup> Another strategy is to carve out "shift swapping" provisions that require restaurant and other shift workers to choose between picking up extra hours and taking a paid sick day. Such a provision was included in a recently passed paid sick days bill in New York City.<sup>77</sup> Although "shift swapping" typically requires "mutual consent" between the employer and the employee, one must question the reality of such consent when considering the differences in bargaining power between the typical low-wage worker and his or her employer.

Perhaps in response to the rising popularity of local paid sick days legislation around the country, the NRA has also come out strongly in support of state level preemption bills that forbid cities from instituting paid sick day and wage laws entirely.<sup>78</sup> The NRA has successfully shepherded preemption legislation through nine states, and has helped introduce preemption legislation in seven more.<sup>79</sup>

# LITIGIOUS NRA

## The Sources of the NRA's Political Influence

The NRA is one of the most influential lobbying groups on Capitol Hill today. This power and influence arises in no small part from the tens of millions of dollars in federal campaign contributions that the NRA and its largest members have made over the last 15 years and from the dramatic increase in the number of so-called “revolver” lobbyists that the NRA and its members employ — officials who move directly from government service to lobbying for private interests.

### Big Spenders

The National Restaurant Association and its biggest members are major political contributors, with \$63.8 million in disclosed federal contributions since 1989.<sup>84</sup> Out of that \$63.8 million, \$12.6 million in federal campaign contributions came directly from the NRA. Two NRA members, Walt Disney and Coca-Cola, each made campaign contributions in excess of \$10 million. Three more NRA members, Marriott, McDonald's, and Darden Restaurants (parent of Red Lobster, Olive Garden, and Capital Grille) made contributions totaling more than \$5 million each. Wendy's and Brinker International (parent of Chili's) each spent over \$2 million, while Bloomin' Brands (parent of Outback Steakhouse), Aramark, and Yum! Brands (parent of Taco Bell, KFC, and Pizza Hut) each made federal contributions of over \$1 million. These ten NRA members have invested \$51.2 million in disclosed federal contributions since 1989. Combined with the NRA's own spending, the total spending on disclosed federal contributions alone reaches \$63.8 million. This total does not include potential contributions to 501(c)(4) “dark money” advocacy groups, other 501(c)(6) trade associations, or other entities that are not required to disclose their donors but still spend money to influence elections. These types of undisclosed contributions could push total political contributions by the NRA, its members, and their CEOs even higher.

#### Top NRA Member Contributors

Federal contributions since 1989



TOTAL

\$63.8 M

SOURCE: WWW.OPENSECRETS.ORG

The NRA's influence on public policy extends beyond Congress to the courtroom.

### Standing in the Way of Nutritional Labeling

After New York City began requiring chain restaurants to post nutritional information on menus, the NRA's New York chapter sued, alleging that giving consumers more information about their food infringed on businesses' First Amendment rights and was preempted by federal law. The NRA lost. (*New York State Rest. Ass'n v. New York City Bd. of Health* (S.D. N.Y. 2008))

The NRA has also brought legal challenges against numerous efforts to introduce calorie and fat content labeling on restaurant menus, defeating thirteen nutrition-labeling bills introduced in eleven states and two cities (Washington, D.C. and Philadelphia).<sup>80</sup>

### Fighting Against “Tip Credit” Transparency

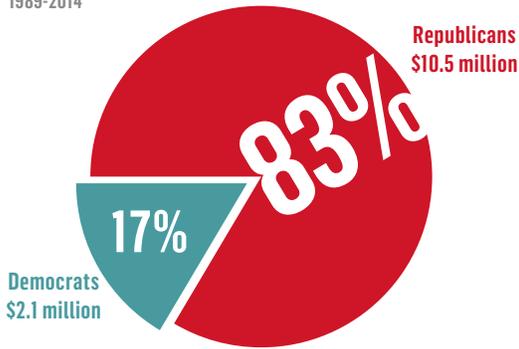
In 2012, the NRA sued the U.S. Department of Labor (DOL) to stop a regulation that would have required employers to notify their tipped employees before withholding “tip credit” wages from their paycheck. The “tip credit” allows businesses to pay tipped workers a sub-minimum wage by crediting the tips workers receive toward their hourly minimum wage requirement. (*Nat'l Rest. Ass'n v. Solis*, (D.D.C. 2012))

### Unhealthy Position on the Affordable Care Act

On January 6, 2012 the NRA filed an amicus or “friend of the court” brief in support of the National Federation of Independent Business's lawsuit against the Affordable Care Act.<sup>81</sup> The NRA claimed it was acting in the best interests of employers who would be overly burdened by the act's employer health coverage mandate.<sup>82</sup> Ninety percent of restaurant workers do not have health insurance provided through their employer.<sup>83</sup>

## NRA and its Members' Partisan Leanings: Most Tilt Republican by Wide Margins<sup>85</sup>

Party split of NRA's disclosed federal contributions  
1989-2014



SOURCE: WWW.OPENSECRETS.ORG

The NRA's disclosed federal political spending since 1989 includes \$10.5 million to Republicans and \$2.1 million to Democrats, an 83%-17% split and an \$8.4 million margin for Republicans. Eight of the NRA's \$10 million dollar spenders have also tilted their spending toward Republicans, by splits ranging from 54%-42% (**Coca-Cola**) to 93%-4% (**Bloomin' Brands**) (with the remainder going to other entities).

Six of these companies — **Marriott, McDonald's, Brinker, Darden, Coca-Cola, and Bloomin' Brands** — have spent more on Republicans by margins of a million dollars or more (ranging from \$1.2 million to \$3.4 million). Spending by **Walt Disney** and associated individuals has tilted heavily the other way (toward Democrats by \$5.4 million). Together, the ten companies have given \$28.1 million to Republicans and \$21.3 million to Democrats, a 55%-42% split (with the remainder going to other entities) and a \$6.8 million margin for Republicans. Federal spending by the NRA and these companies combined has favored Republicans by \$15.1 million.

### 2012 Federal Election Cycle: NRA and Top Ten Members Spent More than \$13 Million

The NRA spent \$1.3 million on federal contributions in the 2012 election cycle. Six NRA members each spent over \$1 million in the 2012 federal election cycle: **Coca-Cola** spent \$2.4 million, **Marriott** spent \$2.2 million, **Darden** spent \$1.9 million, **Walt Disney** spent \$1.8 million, **McDonald's** spent \$1.4 million, and **Bloomin' Brands** spent \$1 million. Together, the NRA, its top ten members for political contributions, and associated individuals spent \$13.4 million in federal contributions in the 2012 cycle.

### NRA and Top Ten Members Spent \$7.3 Million in 2012 Contributions to Political Groups

In addition to direct contributions to federal candidates, the NRA and its top ten members also contributed heavily to political organizations in the 2012 election cycle; together, they channeled \$7.3 million to leadership PACs, parties, 527 organizations (like the Republican and Democratic governors associations), and outside spending groups. The NRA gave almost \$450,000 to these political organizations, including \$75,000 to the Democratic Governors Association, \$50,000 to the Republican Governors Association, more than \$69,000 to the Republican State Leadership Committee, and \$25,000 to the Democratic Attorneys General Association. Five NRA members also gave half a million dollars or more to political groups in the 2012 cycle: **Coca-Cola** gave \$1.6 million, **Marriott** and associated individuals gave \$1.5 million, **Darden Restaurants** gave \$1.3 million, **Walt Disney** gave more than \$900,000, and **McDonald's** gave more than \$500,000.

## The Power of Insider Politics

The high level of political contributions by the NRA and its top members on political campaigns is consistent with the NRA's publicly stated ambition to powerfully shape federal policy on wages, benefits, public health, and nutrition. These ambitions are also reflected in the scale and type of lobbyists employed by the NRA and its top members — another key mechanism by which the NRA is exercising increasing influence in our nation's political life.

### Increasing the Number of Registered Lobbyists

According to the Center for Responsive Politics, in the last five years the NRA has more than doubled the number of registered lobbyists it employs to advance its Congressional agenda from 15 in 2008 to 37 in 2013.<sup>87</sup> These lobbyists wield significant political influence, with four of the NRA's in-house and contracted lobbyists or lobbying firms listed in The Hill's Top Lobbyists list for 2013.<sup>88</sup>

NRA and top member contributions to political groups in 2012 election cycle<sup>86</sup>

Republican Governors Assn \$1,603,135	Democratic Governors Assn \$885,350
NRA \$50,000	NRA \$75,000
Coca-Cola \$750,450	Coca-Cola \$405,350
Marriott \$20,000	Darden \$335,000
Darden \$450,000	YUM! \$50,000
Bloomin' \$100,450	Brinker \$20,000
YUM! \$52,817	
Brinker \$76,718	
Aramark \$102,700	
Republican State Leadership Committee \$380,097	Democratic Attorneys General Assn \$115,000
NRA \$69,399	NRA \$25,000
Coca-Cola \$85,000	Coca-Cola \$50,000
Darden \$135,399	McDonald's \$40,000
McDonald's \$40,299	
Bloomin' \$50,000	

# THE REVOLVING DOOR

## WASHINGTON'S VERSION OF INSIDER TRADING

Nothing symbolizes influence-peddling in Washington like the revolving door between Congress and K Street — it's like Washington's version of insider trading.

Despite reforms passed in 2007 following the Jack Abramoff scandal, the revolving door spins faster than ever. According to an analysis by the Sunlight Foundation, the share of active contract lobbyists who are revolvers (ie, lobbyists with former government jobs) increased from 18% in 1998 to 44% in 2012.

The increase in the number of the NRA's own lobbyists has also coincided with an increase in the number of lobbyists employed by the NRA's largest members including Fortune 500 and Global 500 members **Darden Restaurants** (parent company of Red Lobster, Olive Garden and Capital Grille), **Walt Disney, YUM! Brands** (parent of Taco Bell, KFC and Pizza Hut), **McDonald's, Marriott, Aramark, Sodexo, Starbucks**, and affiliate member **Coca-Cola**. The number of lobbyists employed by these nine members more than doubled from 56 lobbyists in 1998 to 127 in 2013, according to data from the Center for Responsive Politics.<sup>89</sup>

As is the case for political contributions, it is important to note that these numbers only include the NRA's and its members' registered lobbyists. The number of unregistered lobbyists advancing the political agenda of the NRA and its members might be much higher. For example, while in 2013, the number of registered federal lobbyists fell to a ten year low of 12,281, researchers at American University's Center for Congressional and Presidential Studies estimated that the actual number of working federal lobbyists may be closer to 100,000.<sup>90</sup>

### Wielding Insider Influence through Revolvers

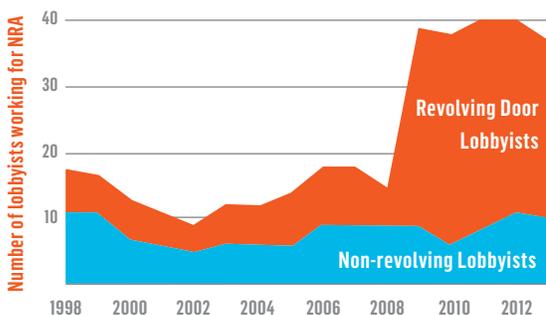
Growth in the number of lobbyists employed by the NRA and its top members only partially explain how the NRA's political influence has expanded so dramatically in the last few years. Equally if not more important are the kind of lobbyists that the NRA is employing — specifically the dramatic growth in the employment of what are known as “revolver” or “revolving door” lobbyists.

“Revolving door” is a term for private lobbyists who are former political officials or government employees. Strikingly, when the NRA more than doubled its registered lobbyist count from 15 in 2008 to 37 in 2013, all of the growth came from a steep increase in “revolving door” lobbyists — quadrupling from 6 in 2008 to 27 in 2013.<sup>91</sup>

From 1998 to 2008, revolving door lobbyists made up less than half (46%) of the NRA's lobbying corps, with an average of 7 revolvers each year. From 2009 to 2013, revolving door lobbyists made up more than three quarters (77%) of the NRA's lobbying force, with an average of 30 revolvers each year.<sup>92</sup>

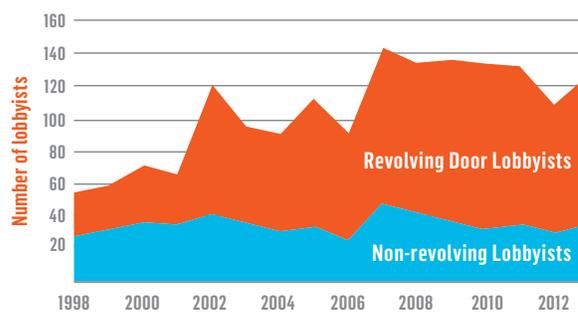
The NRA's biggest members have undergone a similarly dramatic expansion in their use of revolving door lobbyists.<sup>93</sup> When the number of these companies' registered lobbyists more than doubled from 56 to 127 lobbyists from 1998 to 2013, almost all this growth came from an increase in the number of revolving door lobbyists.<sup>94</sup> During this time period, the number of revolving door lobbyists more than tripled from 28 to 91, while the number of non-revolvers only increased from 28 to 36.<sup>95</sup> From 1998 to 2013, these big NRA members' combined share of revolving door lobbyists in their overall registered lobbyist lists grew from 50% to 72%.<sup>96</sup> In certain instances, the share of revolvers for individual NRA members was even higher. For example, YUM! Brands hired 26 revolvers in 2009, averaging 86% revolvers from 2008-2013, and Walt Disney hired 14 revolvers in 2013, averaging 80% revolvers from 2008-2013.<sup>97</sup>

The NRA's investment in revolving door influence has tripled since 2008.



SOURCE: WWW.OPENSECRETS.ORG

Fortune 500 and Global 500 NRA Members Increasing Revolving Door Influence



SOURCE: WWW.OPENSECRETS.ORG

### THE NRA'S 2013 REVOLVING DOOR LOBBYISTS BY THE NUMBERS

**37**

Registered lobbyists who lobbied for NRA in 2013

**27**

Revolving door lobbyists

**73%**

“Insider trading index”  
Revolver share of total lobbyists

**9**

“Rapid revolvers”  
From government jobs to lobbying same or following year

**6**

Former chiefs of staff for members of Congress

**6**

Former legislative directors for members of Congress

**4**

Former staff directors for congressional or leadership committees

# ROGUES GALLERY

## The NRA's Low-Road Members

The NRA claims that it is “supporting nearly 500,000 restaurant businesses,” but its members with the most power and influence in Congress are large restaurant corporations such as McDonald's, Darden and Yum! Brands.<sup>98,99</sup> Unfortunately, as documented below, many of these corporations have acted as key players in maintaining low industry employment standards, including facing serious allegations of legal violations from their own workers.

## Minimum Wage, Sub-Minimum Wage and Wage Theft

The big restaurant chains bear a great deal of responsibility for the stagnation of minimum wage levels, including the scandalously low sub-minimum rate (\$2.13 an hour) applied to tipped workers. For years, McDonald's was an outspoken proponent of another kind of sub-minimum wage—a lower rate for young workers known as the “teenwage.”<sup>100</sup> Congress put the “teenwage” into effect in 1989 and allowed it to expire several years later.<sup>101</sup> These days McDonald's and other chains let the NRA take the lead in campaigning against an increase to the minimum wage, but they have been accused of undercutting pay levels in another way: wage theft. Wage theft includes practices such as pressuring workers to perform certain tasks off the clock, denying them mandated rest and meal breaks, failing to pay them time-and-a-half for overtime, and even erasing hours from time cards.

Recently, McDonald's workers in three states filed lawsuits alleging illegal underpayment of wages by the company and some of its franchisees.<sup>102</sup> Darden — the parent company of chains such as Olive Garden, Red Lobster and Capital Grille — has also faced numerous allegations of wage and hour violations.<sup>103</sup> Over the past decade the company has paid out more than \$13 million in order to settle class action lawsuits and U.S. Department of Labor charges.<sup>104</sup> More lawsuits against Darden are pending.<sup>105</sup>

Yum! Brands — parent of Taco Bell, Pizza Hut and KFC — has also faced a series of lawsuits regarding overtime pay, including one in which Pizza Hut paid a \$12.5 million settlement.<sup>106</sup>

Starbucks, another NRA member, has also faced litigation related to overtime violations. It settled a case for \$18 million in 2002 and settled another case for \$3 million in 2013.<sup>107,108</sup>

## Hidden Taxpayer Costs = Corporate Welfare

Low pay levels and wage theft don't harm only workers. Taxpayers are also affected. Underpaid restaurant workers often have no choice but to turn to government safety net programs such as food stamps and Medicaid to survive. These payments amount to corporate welfare, or taxpayer subsidies for low wages.

An October 2013 report by the National Employment Law Project estimates that the public assistance provided to fast-food workers in the United States costs taxpayers some \$3.8 billion a year.<sup>110</sup>

NRA Members in the Fortune 500 and overtime litigation<sup>109</sup>

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**Aramark** > Has settled cases for more than \$2.8 million

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**Darden Restaurants** > Has paid fines and settled cases for more than \$13 million

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**McDonald's** > Litigation pending

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**Starbucks** > Has settled cases for more than \$21 million

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**Yum! Brands** > Has settled cases for more than \$12.5 million

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## State Tax Avoidance and Handouts

Even while the NRA's largest corporate members have benefited from taxpayer-funded public benefits to subsidize poverty-level wages in their workforces, these same corporations have simultaneously pursued aggressive lobbying and legal strategies to lessen their own taxpayer contributions.

For example, in 2006, following what it claimed was a nationwide search for a new headquarters location, Darden decided to stay in Orange County, Florida after negotiating at least \$12.3 million in state and local economic development subsidies for new offices.<sup>111</sup> The total included a \$2.5 million Qualified Target Industry Tax Refund and a \$2 million Economic Development Transportation fund award.<sup>112</sup>

Because Darden's corporate income tax liability was not large enough to take full advantage of the state credits it had been offered, in 2011 the company began lobbying the Florida legislature for the right to apply the credit to its sales tax liabilities instead.<sup>113</sup> The change was said to be worth about \$5 million a year.<sup>114</sup> The legislature adopted the change but specified that it would begin only after 20 years.<sup>115</sup>

Darden has sought to further reduce its property tax payments by challenging the appraised value of the furniture and equipment in its headquarters.<sup>116</sup> Its appeals were rejected in 2011 and 2012.<sup>117</sup>

## Food Service Contracting Controversies

In addition to its restaurant corporations, some of the largest and most powerful members of the NRA are institutional food service corporations that do billions of dollars of business each year with local, state and federal government agencies at taxpayer expense.<sup>118</sup> The biggest portion of the business is with the federal government, which in FY2012 spent \$979 million on foodservice.<sup>119</sup>

Similar to the large restaurant chains, the foodservice members of the NRA also provide low wages and inadequate benefits, including failing to provide paid sick time for workers whose job it is to handle food for large numbers of people in places such as military bases and veterans hospitals.

One of the NRA food service members that has most consistently been at the center of taxpayer and labor controversies is Sodexo USA, the U.S. arm of France's Sodexo Group. In North America, Sodexo has nearly \$9 billion in annual revenue and employs 125,000 workers serving 15 million people each day at 9,000 sites.<sup>120</sup>

In 2002 the U.S. Marine Corps awarded Sodexo two multi-year contracts estimated to be worth up to \$881 million in order to provide food and related services at all Marine Corps mess halls in the United States.<sup>121</sup> In 2010 some members of Congress expressed concern over evidence of large cost overruns that had increased contract costs by 36 percent.<sup>122</sup> Nonetheless, the Marine Corps awarded new contracts to Sodexo in 2011.<sup>123</sup>

Cost overruns are not the only source of controversy for Sodexo. In 2005 it had to pay \$80 million to settle a lawsuit claiming that it systematically denied promotions to African-American managers.<sup>124</sup> In 2010 it paid another \$20 million to settle charges filed by the New York State Attorney General in which it was accused of overcharging 21 school districts and the state university system by failing to pass along savings obtained through rebates from suppliers.<sup>125</sup>

Sodexo has faced numerous unfair labor practice charges and has entered into several settlements with the National Labor Relations Board, including a 2011 case in New Orleans where it was alleged that the company spied on, threatened, and retaliated against cafeteria workers at two universities for their organizing activities.<sup>126</sup> Most recently, foodservice workers from Vermont college campuses testified before a state legislative committee that the company had penalized them for taking sick days.<sup>127</sup>

Another NRA foodservice member that does substantial business with the federal government is Aramark.<sup>128</sup> Last year, it received a \$23 million contract from the Office of Personnel Management.<sup>129</sup>

Like Sodexo, Aramark has been involved in various controversies regarding its contracting and labor practices. In its work for state prisons, Aramark has been accused of overbilling and of providing sub-standard food portions for inmates.<sup>130</sup> The company also faced numerous unfair labor practice charges and accusations of overtime pay violations.<sup>131</sup> Last year it paid \$2.75 million to settle one such case in California.<sup>132</sup>

One aspect of the large food service corporations' employment practices — substandard pay rates — will change with President Obama's executive order raising the minimum wage for federal contract workers to \$10.10 starting next year.<sup>133</sup> But the NRA and its foodservice members as well as the big restaurant chains need to do much more to address serious and ongoing patterns of violating workers' rights.

Richard Berman, who has played a leading role in the NRA's fight against a minimum wage increase, is a long-time crusader for industrial food, regularly taking the offensive on behalf of large food conglomerates. Through an array of industry front groups, Berman & Co. wages aggressive high profile campaigns to oppose any regulatory efforts by worker centers, labor unions, public-health advocates, animal welfare organizations, and consumer safety groups.<sup>145</sup>

Companies channel money they are not required to disclose to an extensive network of non-profits set up by Berman & Co.; in turn Berman sits at the head of many of these groups and collects millions for his services.<sup>146,147</sup> He takes positions corporate executives are afraid to take publicly; through his front groups he provides a non-biased air to industry arguments, and allows his paying clients to remain out of public view.<sup>148</sup>

Berman is a former restaurant industry executive who began Berman & Co. to aggressively lobby on behalf of the food, alcohol and tobacco industries.<sup>149</sup> Rick Berman been called "Dr. Evil," the "Conservatives' Weapon of Mass Destruction" and the "Astroturf Kingpin" for his assortment of non-profit front groups that advocate for his corporate clients' interests while shielding those same businesses from disclosing their financial support of his efforts.<sup>150,151</sup>

Berman writes a regular column for the Nation's Restaurant News, and he uses it to attack both food safety regulations and basic labor rights.<sup>152</sup> He is an outspoken opponent of voluntary industry pledges to improve animal welfare practices, such as efforts to raise pigs<sup>153</sup> more humanely, and is a cheer-leader for an aggressive fight against improving live-stock standards.<sup>154</sup> He has also vigorously defended pink slime<sup>155</sup> and mercury levels in fish.<sup>156</sup> While increasing numbers of consumers opt for organic, sustainable, and non-processed foods, Berman touts modern technology<sup>157</sup> and industrial practices<sup>158</sup> for "maximizing the efficiency of [food] processing," and berates efforts to increase the availability of organic<sup>159</sup> produce, decrying, "There simply is not enough available farmland to come close to the organic utopia."

While the National Restaurant Association fights menu-labeling requirements, Berman attacks public service efforts such as Michelle Obama's call on restaurants to serve healthier options<sup>160</sup> for children and families, and defends the right of restaurants to label menus improperly.<sup>161</sup>

The Berman public relations firm, Employment Policies Institute, regularly testifies in public hearings and places op-eds opposing paid sick days and increases to the minimum wage.<sup>162</sup> Berman and Co. is currently leading the charge against Humane Society efforts to improve the treatment of livestock,<sup>163</sup> and is also leading a high-profile campaign to attack worker centers as unions.<sup>164,165</sup> Targeted workers centers include Restaurant Opportunities Centers United, an author of this report.<sup>166</sup>

## The True Cost of Big Profits and Low Wages

The US taxpayer subsidizes the restaurant industry at both ends of an extremely unequal hierarchy — through tax loopholes given to excessively compensated CEOs, and through public assistance, especially food stamps use by restaurant workers, who are among the lowest paid workers in America.

### Tax Loopholes for CEOs

Although the restaurant industry employs the most lowest paid workers in the country, a recent analysis of the 20 largest corporate chain restaurant members of the National Restaurant Association found that together, CEO compensation totaled nearly \$800 million per year. Over \$660 million of that compensation comes in the form of "performance based" incentives, generally in the form of stock options.<sup>134</sup> A loophole in the tax law allows corporations to deduct an unlimited amount of the cost of performance pay options from their income taxes.<sup>135</sup> As a result of this loophole, US taxpayers are subsidizing nearly \$232 million in CEO compensation for the top 20 restaurant chains in the National Restaurant Association.<sup>136</sup>

The three largest beneficiaries of these taxpayer subsidies are Starbucks, with \$236 million in performance pay options in 2012-2013, Yum! Brands with \$67 million in performance pay options in 2012-2013, and McDonald's with \$10 million in performance pay options.<sup>137</sup> Clarence Otis, the CEO of Darden Restaurant Group, received \$9 million in deductible performance based pay, resulting in a \$3 million taxpayer subsidy for executive pay at the largest full-service restaurant chain in the country.<sup>138</sup> Darden has admitted that it pays 20% of its workforce, over 40,000 tipped workers, the tipped minimum wage of only \$2.13 per hour.<sup>139</sup>

### Public Subsidies for the Industry's Low Wages

In addition to taxpayer-funded deductions for CEO compensation, taxpayers are also subsidizing the restaurant industry's low wages in the amount of over \$7 billion in public assistance benefits going to over half of the nation's fast food workforce.<sup>140</sup> \$1.2 billion of this public assistance subsidy goes to subsidize low wages at McDonald's alone, and an additional \$650 million goes to subsidize public assistance for employees of Yum! Brands.<sup>141</sup>

An examination of ROC United's Behind the Kitchen Door database of over 4,000 surveys of restaurant workers finds that 40% of chain restaurant workers, both full service and quick serve, depend on some form of public assistance.<sup>142</sup> Thirty percent depend on food stamps to make ends meet; this is three times the rate of food stamps usage of the entire US workforce.<sup>143</sup> The median hourly wage for all chain restaurant workers is \$8.71 including tips.<sup>144</sup>

# Conclusions and Recommendations

The National Restaurant Association is one of the most powerful trade lobbies in the United States, wielding tremendous influence by spending millions on candidate contributions and by hiring dozens of revolving door lobbyists straight from the halls of Congress. The NRA has used its influence to delay or prevent legislation regardless of its cost to public health, such as voluntary guidelines and restrictions on marketing food to children, menu labeling requirements, limits on soft drink sizes, soda tax increases, and bans or reductions of trans fats. The NRA has also used its clout to push preemption bills banning paid sick days and to prevent any increase to the minimum wage. The NRA's institutional food service members are the recipients of lucrative government contracts and subsidies, and its corporate chain members' benefit from the public benefits used by their workers that allow restaurants to pay poverty-level wages. These same NRA members then lavish millions in compensation on their CEOs.

It is in the best interests of policymakers, employers, and consumers to pursue and promote an alternative path for the restaurant industry, our food system, and our economy.

## POLICYMAKERS

**1** In order to protect our economy, our health, and our environment, **members of Congress should immediately stop taking financial contributions from the National Restaurant Association and its member corporations to reduce their undue influence.**

## EMPLOYERS

**1** In order to promote productivity and reduce turnover, **NRA members should enhance job quality by increasing wages and benefits.** Employers should ensure that workers in all positions can support themselves and their families. Ultimately, enhancing job quality with respect to higher wages and benefits is an essential way to increase productivity and retention.

**2** In order to ensure a healthy workplace, **NRA members should adopt benefits, such as paid sick days, that would allow employees to care for themselves and their families.** In addition to being ethical, these policies decrease the risk of spreading disease while increasing employee productivity, job satisfaction, and loyalty.

**3** In order to promote greater public health, **NRA and its members should promote healthy and sustainable food initiatives.** The NRA should be on the forefront of efforts to stem obesity, and support sensible regulations.

## CONSUMERS

**1** Support responsible restaurant owners who provide livable wages, benefits, and opportunities for women to advance.

**2** Speak to employers after every restaurant meal, to communicate that one values livable wages, benefits, and opportunities for workers to advance in the restaurant industry.

**3** Let employers know that they should stop opposing sensible regulations that increase public health and aim to reduce obesity.

**APPENDIX 1**

**CEO Pay Subsidies at the Top 20 Largest Corporate Chain Restaurant Members of the National Restaurant Association<sup>67</sup>**

Year	Company	CEO	Total taxable compensation in year surveyed	Portion of compensation that is "performance-based"	Value of the corporation's CEO pay subsidy
2013	McDonald's	Donald Thompson	4,049,393	989,968	346,489
2012	McDonald's	James A. Skinner <sup>168</sup>	35,683,583	23,297,721	8,154,202
2012	McDonald's	Donald Thompson <sup>169</sup>	12,775,517	10,071,534	3,525,037
2013	Starbucks	Howard Schultz	149,853,968	130,065,338	45,522,868
2012	Starbucks	Howard Schultz	117,562,601	105,620,975	36,967,341
2013	Yum! Brands	David C. Novak	20,481,525	18,255,257	6,389,340
2012	Yum! Brands	David C. Novak	50,717,335	48,877,947	17,107,281
2013	Darden	Clarence Otis	1,943,590	274,492	96,072
2012	Darden	Clarence Otis	10,167,765	8,664,709	3,032,648
2013	Bloomin Brands	Elizabeth A. Smith	7,085,383	5,955,825	2,084,539
2012	Bloomin Brands	Elizabeth A. Smith	24,450,241	932,137	326,248
2013	Chipotle	Monty Moran <sup>170</sup>	26,220,004	24,828,828	8,690,090
2013	Chipotle	Steve Ells <sup>171</sup>	66,961,668	65,307,363	22,857,577
2012	Chipotle	Steve Ells	50,905,996	49,312,064	17,259,222
2012	Chipotle	Monty Moran	58,857,530	57,514,892	20,130,212
2013	Brinker International	Wyman T. Roberts <sup>172</sup>	2,515,938	1,800,973	630,341
2012	Brinker International	Douglas H. Brooks	4,318,414	3,303,420	1,156,197
2013	Cracker Barrel	Sandra B. Cochran	5,625,841	3,396,072	1,188,625
2012	Cracker Barrel	Sandra B. Cochran	4,848,142	1,004,628	351,620
2013	Wendy's	Emil J. Brolick	4,934,804	3,768,191	1,318,867
2012	Wendy's	Emil J. Brolick	3,356,745	2,058,547	720,491
2011	Panera Bread <sup>173</sup>	William W. Moreton	1,321,813	458,076	160,327

Year	Company	CEO	Total taxable compensation in year surveyed	Portion of compensation that is “performance-based”	Value of the corporation's CEO pay subsidy
2012	Panera Bread	Ronald M. Shaich <sup>174</sup>	11,222,501	7,440,626	2,604,219
2012	Panera Bread	William W. Moreton <sup>175</sup>	3,466,750	875,951	306,583
2013	Domino's Pizza	J. Patrick Doyle	10,656,002	9,405,817	3,292,036
2012	Domino's	J. Patrick Doyle	15,288,033	11,400,233	3,990,082
2013	Bob Evans Farms	Steven A. Davis	3,585,414	2,545,165	890,808
2012	Bob Evans Farms	Steven A. Davis	3,558,026	2,546,631	891,321
2013	Papa John's	John Schnatter	5,500,455	3,980,264	1,393,092
2012	Papa John's	John Schnatter	2,434,852	1,058,335	370,417
2013	Texas Roadhouse	W. Kent Taylor	2,429,066	169,066	59,173
2012	Texas Roadhouse	W. Kent Taylor	1,024,637	24,637	8,623
2013	Buffalo Wild Wings	Sally J. Smith	5,580,758	4,580,758	1,603,265
2012	Buffalo Wild Wings	Sally J. Smith	3,527,288	2,527,288	884,551
2013	Ruby Tuesday	J.J. Buettgen	1,902,972	0	0
2012	Ruby Tuesday	Samuel E. Beall, III	2,704,149	1,589,502	556,326
2013	Burger King	Daniel Schwartz	1,912,200	912,200	319,270
2012	Burger King	Bernardo Hees	2,321,472	1,321,472	462,515
2013	Red Robin	Stephen E. Carley	6,309,713	1,103,367	386,178
2012	Red Robin	Stephen E. Carley	1,753,583	550,638	192,723
2013	Dunkin' Brands	Nigel Travis	22,851,606	21,851,606	7,648,062
2012	Dunkin' Brands	Nigel Travis	22,960,678	21,960,678	7,686,237
2013	Sonic	Clifford Hudson	1,645,825	645,825	226,039
2012	Sonic	Clifford Hudson	1,296,670	216,955	75,934
<b>TOTAL</b>			<b>798,570,446</b>	<b>662,465,971</b>	<b>231,863,090</b>

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- 171 Co-CEO.
- 172 Roberts succeeded Brooks as CEO on Jan. 1, 2013.
- 173 Included data from 2011 and 2012 because 2013 proxy data not available as of press time (April 14, 2014).
- 174 Co-CEO.
- 175 Co-CEO.





## Unmasking the Agenda of the National Restaurant Association



[allianceforajustsociety.org](http://allianceforajustsociety.org)



[familyvaluesatwork.org](http://familyvaluesatwork.org)



[foodchainworkers.org](http://foodchainworkers.org)



[goodjobsfirst.org](http://goodjobsfirst.org)



MOVEMENT  
STRATEGY  
CENTER

[movementstrategy.org](http://movementstrategy.org)

**REAL FOOD MEDIA PROJECT**

[realfoodmedia.org](http://realfoodmedia.org)



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